GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2570
ANSWERED ON:11.03.2011
LOAN TO FARMERS
Tomar Shri Narendra Singh

Will the Minister of FINANCE be pleased to state:

(a): the details of the loans disbursed to the farmers belonging to the Scheduled Castes/Tribes communities by Regional Rural Banks during the last three years and the current financial year, State-wise including Madhya Pradesh and bank-wise; and

(b): the steps taken by the Government to address the difficulties faced by the such farmers in raising loans from the said banks alongwith the achievements made thereon?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) have reported that the specific information as sought, is not compiled in the present information system. However, the State-wise number of farmers belonging to SC/ST who have been provided loans under Kisan Credit Card (KCC) by Regional Rural Banks upto 31st March 2010 since inception is furnished in the Annex.

The Government of India and RBI have taken several measures in order to ensure the proper availability of credit to farmers through banks. These include:

As per the extant guidelines on lending to priority sector, scheduled domestic commercial banks are required to achieve 18 per cent of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent of off Balance Sheet Items (CE), whichever is higher as on March 31 of the previous year under advances to agricultural sector.

In order to provide hassle-free crop loans to farmers, NABARD issued guidelines in August 1998 in respect of KCC Scheme. It had revised the scheme in 2004. The revised scheme covers term credit as well as working capital for agriculture and allied activities, and a reasonable component for consumption needs.

The Government of India, since 2006-07 is providing an Interest Subvention to all Public Sector Banks, Regional Rural Banks and Cooperative Banks for short term crop loans upto Rs 3 lakh, so as to ensure that short term agriculture credit is available at 7% to farmers. In 2010-11, an additional 2% interest subvention is being provided to those farmers, who repay their short term crop loans in time. Thus the short term crop credit is available to prompt payee farmers @ 5% p.a. for loans upto Rs 3 lakh. Similarly, for the year 2011- 12 the Interest Subvention Scheme proposes to provide prompt repaying farmers short term crop credit @ 4% p.a.

The Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 de-clogged the lines of credit that were clogged due to the debt burden on the farmers;

Banks have been advised to dispense with the requirement of "no due" certificate for small loans up to Rs 50,000 to small and marginal farmers, share-croppers and the like and instead obtain a self-declaration from the borrower;

Banks (including RRBs), have been advised that wherever there are difficulties in getting certification from the local administration/panchayati raj institutions regarding the cultivation of crops, etc., they may accept an affidavit submitted by landless labourers, share croppers and oral lessees giving the occupational status (i.e., details of land tiled/crop grown) for loans up to Rs 50,000.

RBI has advised to banks to waive margin/security requirements for agricultural loans upto Rs 1,00,000.

The flow of credit for agriculture and allied activities from the formal financial system has been increasing every year.